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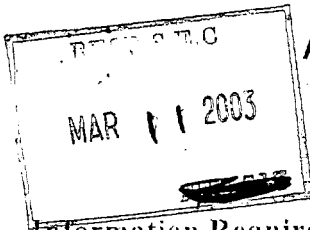


SECURITIES

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Washington, D.C. 20549



# ANNUAL AUDITED REPORT FORM X-17A-5 PART III

OMB APPROVAL	
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8-51899

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/02 AND ENDING 12/31/02  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

ACA/Prudent Investors Planning Corp.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1051 Bloomfield Avenue

(No. and Street)

Clifton, New Jersey

07012-0676

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Alan C. Achtel

973-472-7777

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Luisi &amp; Luisi CPA's. PC

(Name - if individual, state last, first, middle name)

15 Gawain Drive

Manalapan, NJ

07726

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 24 2003

FOR OFFICIAL USE ONLY

THOMSON  
FINANCIAL

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

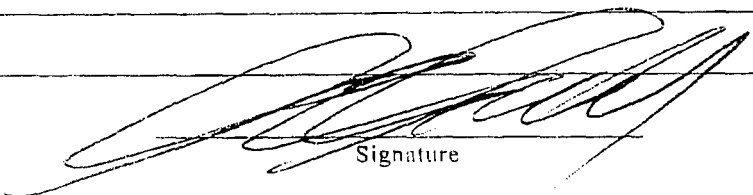
Potential persons who are to respond to the collection  
information contained in this form are not required to respond  
unless the form displays a currently valid OMB control number.

MAR 21 2003

## OATH OR AFFIRMATION

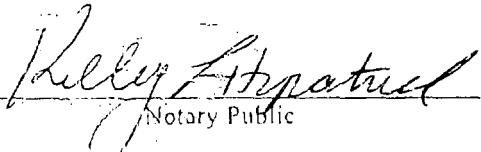
I, Alan C. Achtel, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ACA/Prudent Investors Planning Corp., as of December 31, 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

no exceptions

  
Signature

President

Title

  
Notary Public

KELLY FITZPATRICK  
NOTARY PUBLIC  
STATE OF NEW JERSEY  
MY COMMISSION EXPIRES OCT. 10, 2007

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

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**ACA/PRUDENT INVESTORS PLANNING CORPORATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2002**

**ACA/PRUDENT INVESTORS PLANNING CORPORATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2002**

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# LUISI & LUISI CPAs, P.C.

ACCOUNTANTS & BUSINESS CONSULTANTS

15 GAWAIN DRIVE  
MANALAPAN, NJ 07726

(732) 617-1040 • FAX (732) 617-1041

- ACCOUNTING & TAXES
- FINANCIAL PLANNING
- BUSINESS CONSULTING

1348 - 77<sup>TH</sup> STREET  
BROOKLYN, N.Y. 11228

REPLY TO N.J. OFFICE

Board of Directors  
ACA/PRUDENT INVESTORS PLANNING CORPORATION  
Clifton, New Jersey

We have audited the accompanying balance sheet of ACA/PRUDENT INVESTORS PLANNING CORPORATION as of December 31, 2002, and the related statements of operations, shareholders' equity and cash flows for the year then ended. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ACA/PRUDENT INVESTORS PLANNING CORPORATION as of December 31, 2002, and the results of its operations and its cash flows and its equity for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information presented at the end of the financial statements is for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In addition, we have also issued a report dated February 12, 2003 on our consideration of ACA/PRUDENT INVESTORS PLANNING CORPORATION'S internal control structure based on the audit of the financial statements.



Luisi & Luisi CPAs, P.C.

February 12, 2003

# ACA/PRUDENT INVESTORS PLANNING CORPORATION

## BALANCE SHEET

AS OF DECEMBER 31, 2002

### ASSETS

#### CURRENT ASSETS

Cash and Cash Equivalents	\$ 176,342
Accounts Receivable	37,659
Total Current Assets	<u>214,001</u>

#### OTHER ASSETS

Security Deposits	1,250
Total Assets	<u><u>\$ 215,251</u></u>

### LIABILITIES AND SHAREHOLDER'S EQUITY

#### CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 3,362
---------------------------------------	----------

#### SHAREHOLDER'S EQUITY

Common Stock	100
Paid in Capital	109,900
Retained Earnings	101,889
Total Shareholder's Equity	<u>211,889</u>
Total Liabilities and Shareholder's Equity	<u><u>\$ 215,251</u></u>

See Auditors' Report and accompanying notes to financial statements.

**ACA/PRUDENT INVESTORS PLANNING CORPORATION**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2002**

REVENUE	<u>\$ 782,721</u>
OPERATING EXPENSES	
Wages	279,740
Payroll Taxes	16,113
Automobile	3,714
Corporate Business Taxes	1,648
Dues & Subscriptions	1,697
Employee Retirement Plan	40,000
Insurance	5,124
Office Supplies & Computer Expenses	2,063
Postage & Delivery	3,687
Printing & Reproduction	555
Professional Fees	3,274
Registration Fees-Insurance	1,370
Registration Fees-Securities	6,496
Rent	23,097
Soliciting Costs	11,419
Telephone	6,253
Sundry	175
	<u>406,425</u>
INCOME FROM OPERATIONS	<u><u>376,296</u></u>

See Auditors' Report and accompanying notes to financial statements.

# ACA/PRUDENT INVESTORS PLANNING CORPORATION

## STATEMENT OF SHAREHOLDER'S EQUITY

YEAR ENDED DECEMBER 31, 2002

	<u>COMMON STOCK</u>	<u>ADDITIONAL PAID-IN CAPITAL</u>	<u>RETAINED EARNINGS</u>	<u>TOTAL</u>
BALANCE, January 1, 2002	\$ 100	\$ 109,900	\$ 7,160	\$117,160
NET INCOME - 2002			376,296	376,296
DISTRIBUTION TO SHAREHOLDER			(281,567)	(281,567)
BALANCE, December 31, 2002	<u>\$ 100</u>	<u>\$ 109,900</u>	<u>\$ 101,889</u>	<u>\$211,889</u>

See Auditors' Report and accompanying notes to financial statements.

**ACA/PRUDENT INVESTORS PLANNING CORPORATION**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2002**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income \$ 376,296

Adjustments To Reconcile Net Income To Net Cash  
Provided By (Used In) Operating Activities:

Changes In Assets and Liabilities Provided By (Used In) Cash:

Accounts Receivable 8,197

Accounts Payable and Accrued Expenses (16,833)

Net Cash Provided By (Used In) Operating Activities 367,660

**CASH FLOWS FROM INVESTING ACTIVITIES**

Distribution To Shareholder (281,567)

Net Cash Provided By (Used In) Investing Activities (281,567)

**NET INCREASE IN CASH AND CASH EQUIVALENTS 86,093**

**CASH AND CASH EQUIVALENTS, beginning of year 90,249**

**CASH AND CASH EQUIVALENTS, end of year \$ 176,342**

See Auditors' Report and accompanying notes to financial statements.

# ACA/PRUDENT INVESTORS PLANNING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2002

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization:** ACA/Prudent Investors Planning Corporation is a securities brokerage firm and is a member of the National Association of Securities Dealers.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**Cash and Cash Equivalents:** For the purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

**Income Taxes:** The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, the stockholder is liable for individual federal income tax on the taxable income.

#### NOTE 2 NET CAPITAL REQUIREMENTS

Pursuant to the net capital provisions of the Rule 15c-3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined, of the greater of \$5,000 or one-fifteenth of the aggregate indebtedness, as defined. Net capital and aggregate indebtedness, change from day-to-day, but as of December 31, 2002, the Company had net capital of which exceeded its requirements by \$175,031.

#### NOTE 3 PENSION PLAN

The Company maintains a defined contribution pension plan for employees that have met certain employment requirements. Contributions to the plan are discretionary and the amount of future contributions is not certain. Employee pension expense for 2002 was \$40,000.

#### NOTE 4 LEASE

The Company leases office space under an agreement, which ends June 30, 2003. Lease payments for 2002 were \$23,097. The Company is currently in negotiations for leasing space after June 30, 2003.

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## SUPPLEMENTAL INFORMATION

**ACA/PRUDENT INVESTORS PLANNING CORPORATION**

**COMPUTATION OF NET CAPITAL AGGREGATE INDEBTEDNESS  
AND RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL  
AS AT DECEMBER 31, 2002**

Stockholder's Capital	\$ 211,889
Less Non-Allowable Assets:	
Commissions Receivable (12b1)	<u>31,858</u>
Net Capital	180,031
Net Capital Requirement (1/15 of aggregate indebtedness or \$5,000 Minimum Net Dollar Requirement, whichever Is Greater)	<u>5,000</u>
Net Capital In Excess of Required Amount	<u><u>\$ 175,031</u></u>
Ratio of Aggregate Indebtedness To Net Capital	<u><u>0.019</u></u>

Note: The above amount does not differ materially from the computaion  
of new net capital under rule 15c3-1 as of December 31, 2002  
filed with the National Association of Securities Dealers, Inc.

See Independent Auditors' Report.

**LUISI & LUISI CPAs, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**15 GAWAIN DRIVE**  
**MANALAPAN, NEW JERSEY 07726**  
**TEL: (732) 617-1040 • FAX: (732) 617-1041**

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**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL STRUCTURE**

ACA/Prudent Investors Planning Corporation  
1051 Bloomfield Avenue  
Clifton, NJ 07012

Gentlemen:

In planning and performing our audit of the financial statements of ACA/Prudent Investors Planning Corporation for the year ended December 31, 2002, we considered its internal control structure, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g) (1) of the Securities and Exchange Commission, I have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by ACA/Prudent Investors Planning Corporation that I considered relevant to the objectives stated in Rule 17a-5(g).(i) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(s) (ii). We did not review the practices and procedures followed by the Company in complying with the requirements for prompt payment for securities under Section 8 (b) of Regulation T of the Board of Governors of the Federal Reserve System because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally

accepted accounting principles.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, I noted no matters involving the internal control structure that I consider to be material weaknesses as defined above.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on my study, I believe that the Company's practices and procedures were adequate at December 31, 2002 to meet the Commission's objectives.



Luisi & Luisi CPAs, P.C.

See Independent Auditor's Report.